

Retailers selling do-it-yourself trailer kits are subject to Retailers' Occupation Tax liability. See 86 Ill. Adm. Code 130.101. (This is a GIL.)

October 6, 2003

Dear Xxxxx:

This letter is in response to your letter dated June 5, 2003. We apologize for the delay in responding to your inquiry. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found on the Department's Internet website at <http://www.revenue.state.il.us/Laws/regs/part1200/>.

In your letter, you have stated and made inquiry as follows:

This letter is to summarize the pertinent facts regarding our desire to properly collect sales tax when selling unassembled trailer kits at our company owned AAA stores in Illinois.

1. AAA registered as a Foreign Corporation with the State Corporation Commission, imports unassembled 'do-it-your-self' trailer kits to our warehouse in STATE.
2. AAA plans to sell imported unassembled 'do-it-yourself' trailer kits weighing under 200 lbs. (under 2000 lbs. including payload) to walk-in retail customers, from its AAA retail locations in Illinois.
3. AAA's stores are engaged in the business of retail sales of tools, hardware and related merchandise, and are securing the requisite state, county, and local authority to operate in that capacity.
4. Of the approximately 5,000 items that our average retail store carries, fewer than 10 items are unassembled 'do-it-your-self' trailer kits.
5. AAA sells trailers only in 'kit' form. No units are sold 'pre-assembled.'

Please supply written confirmation concerning our obligation to collect tax on the sale of trailer kits as outlined above, as some states desire tax to be collected at the cash register, while other states collect tax at the point of vehicle registration. In addition, please supply any necessary forms, instructions, and references to the codes and laws of Illinois pertaining to this matter.

We look forward to receiving a reply at your earliest convenience.

DEPARTMENT'S RESPONSE:

The Illinois Retailers' Occupation Tax Act imposes a tax upon persons engaged in this State in the business of selling tangible personal property to purchasers for use or consumption. See the enclosed copy of 86 Ill. Adm. Code 130.101. In Illinois, Use Tax is imposed on the privilege of using, in this State, any kind of tangible personal property that is purchased anywhere at retail from a retailer. See the enclosed copy of 86 Ill. Adm. Code 150.101. These taxes comprise what is commonly known as "sales" tax in Illinois. If the purchases occur in Illinois, the purchasers must pay the Use Tax to the retailer at the time of purchase. The retailers are then allowed to retain the amount of Use Tax paid to reimburse themselves for their Retailers' Occupation Tax liability incurred on those sales. If the purchases occur outside Illinois and the seller is not registered to collect Illinois Use Tax, purchasers must self assess their Use Tax liability and remit it directly to the Department.

The sales of the "do-it-yourself" trailer kits in this State would be subject to Retailers' Occupation Tax liability. Kits of this type are subject to tax at the time of purchase and should be reported on the retailer's Form ST-1, Sales and Use Tax return.

After the customer purchases the trailer kit and assembles the trailer, the customer is responsible for establishing with the Illinois Secretary of States Office that the tax was paid on the parts to assemble the trailer before that office will license the trailer.

I hope this information is helpful. The Department of Revenue maintains a website, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b) described above.

Very truly yours,

Terry D. Charlton
Associate Counsel

TDC:msk
Enc.